



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Lee Wilcox  
Margaret McCahan

**SUBJECT:** EQUITY ANALYSIS

**DATE:** May 21, 2019

Approved

Date

5/21/19

## RECOMMENDATION

1. Bring forward an Equity Fund allocation as part of the 2018-2019 Annual Report actions, assuming the availability of excess General Fund ending fund balance.
2. Report to the City Council by February 2020 with updates on the implementation of the City's equity analysis for the Equity Fund, as well as other internal capacity-building actions taken by the Administration, in advance of the 2020-2021 budget process.

## BACKGROUND

On April 17, 2019, the Rules and Government Committee approved a memorandum recommending the City Manager incorporate into the 2019-2020 Budget Council Study Sessions: a) the creation of an Equity Fund, b) possibilities of funding an Equity Fund, and c) an exploration of opportunities for bringing an equity lens when determining resources, programming, and access to neighborhood services.

The Administration appreciates the increasing attention on policy level interventions focused on achieving equity. This memo responds to the direction received on April 17, 2019. It also serves as an update to the Council on the Administration's commitment to building an organizational infrastructure that helps staff understand structural determinants of disadvantage that result in disproportionate impacts and inequities across our community.

New to this year's 2019-2020 Council Budget Study Session was the inclusion of a review that highlighted how each City Service Area (CSA) is using various criteria to advance equity through its programming and resource decisions. The inclusion of this content was intended to demonstrate how staff is working to integrate the concept of equity (the fair and just distribution of resources and opportunities) and accompanying critical analysis in its daily work. It is important to note, however, that while the Administration is working to build an internal culture that values and is grounded in advancing equity and inclusion, it has not yet finalized an equity

tool or framework that is systematically applied to policy development and resource allocation. Such a framework is thought to be the result of our ongoing work, which is described below.

The City of San José is applying an internal/external approach to evolve its organizational practices and focus its programmatic priorities. The bulk of the Administration's work, to date, has been focused on internal strategies to ensure the organizational infrastructure (people knowledge, commitment, data systems, etc.) is in place to understand the structural determinants of social outcomes, in order to manage and mitigate preventable negative consequences in our community. Paramount to our work is ensuring that there is a common understanding and narrative of what equity work means.

Addressing the underlying factors contributing to inequitable outcomes in our community requires durable, sustained investments and targeted interventions where the greatest need exists. Determining where the greatest need exists requires an organizational commitment around equity as well as data systems and policy development and analysis that is focused on the fair and just distribution of resources and opportunities. The Administration is committed to continuing the advancement of equity work in the City of San José to improve the well-being of our residents today and for generations to come.

## **ANALYSIS**

### *Equity Fund*

The Administration recommends the creation of an Equity Fund allocation for 2019-2020 as part of the 2018-2019 Annual Report actions that will be brought forward at the end of September 2019. The General Fund typically ends the year with fund balance above the level assumed in the development of the annual budget. Assuming the General Fund ends the 2018-2019 year with excess ending fund balance, these funds would be available as a funding source for an Equity Fund allocation. The Administration plans to bring forward a recommendation to allocate funding from the General Fund ending fund balance during the FY 2018-2019 Annual Report to address service inequities discovered during 2019-2020.

This approach would provide flexibility for the Administration and Council to address needs in the coming fiscal year. If the Council creates an equity fund appropriation, the Administration will develop proposed criteria for its use for City Council consideration in FY 2019-2020. As the City develops its long-term approach, future resource allocations related to equity will be directly embedded into base and proposed budgets.

### *Ongoing Equity Analysis*

To advance the internal capacity-building required for the above analysis and systems change, the City of San José became an active member of the Government Alliance on Race and Equity (GARE) in January 2018. GARE is a national network of 140 government jurisdictions (city, county, and state) working to achieve racial equity and advance opportunities for all. Members

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benefit from webinars, resources, technical assistance, and trainings focused on racial equity frameworks that build organizational capacity and infrastructure and help organizations strategically use data to advance equity and transform government. Currently, there is a team of 44 City employees from across the organization engaged in this work—ensuring the learnings are broadly disseminated and embedded in our work. As this work continues, the Administration will formalize the work, including internal governance, Council and policy engagement, and needed resources.


If the Council elects to further advance this effort, including developing analysis criteria and a long-term strategy to build the necessary infrastructure and resource-base to adequately support this work, the Administration recommends budget allocations totaling \$430,000 in 2019-2020 from the Essential Services Reserve or another eligible source. The Administration would recommend two temporary positions (\$265,000), including an employee at the Senior Executive Analyst level and a FUSE Fellow to help manage and lead this work. In addition, Non-personal/equipment funding of \$165,000 would be recommended to help with data collection, survey work, training, and materials, and future GARE participation.

*Progress Report*

If the Council allocates funding to further pursue this work, the Administration will report to the City Council by February 2020 with updates on the implementation. This will allow sufficient time for incorporation of any necessary budget actions into the 2020-2021 budget process.

/s/

Lee Wilcox  
Chief of Staff  
Office of the City Manager

  
Margaret McCahan  
Budget Director  
Office of the City Manager